

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-06 FRB-03 INR-07 IO-10 NEA-09 NSAE-00 OPIC-03

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TO SECSTATE WASH DC IMMEDIATE 6289

C O N F I D E N T I A L SECTION 01 OF 04 OECD PARIS 08136

PASS TREASURY FOR COOPER AND JACKLIN

E.O. 11652: GDS

TAGS: EFIN, OECD

SUBJECT: CORRIGENDUM NO. 2 TO DRAFT AGREEMENT FOR
FINANCIAL SUPPORT FUND

REF: USOECD PARIS 7443; USOECD PARIS 8016

1. SECRETARIAT HAS SUBMITTED WHAT IS HOPFULLY LAST
SET OF CORRIGENDA TO DRAFT SUPPORT FUND AGREEMENT.
THESE INCLUDE SOME FURTHER CHANGES TO EARLIER VERSION
OF CORRIGENDUM NO. 2 TRANSMITTED USOECD PARIS 8016.

2. NEW SET OF DOCUMENTS FROM SECRETARIAT CONTAINS THE
FOLLOWING COVER NOTE DATED APRIL 1, 1975:

BEGIN TEXT

TO ALL MEMBERS OF THE AD HOC WORKING PARTY (FINANCIAL
SUPPORT FUND)

I ATTACH CORRIGENDUM NO. 2 TO THE DRAFT AGREEMENT.
HOPEFULLY, IT CONFIRMS OR CONTAINS ALL THE AMENDMENTS
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TO THE TEXT WHICH WILL BE SUBMITTED TO THE OECD COUNCIL

FOR APPROVAL ON FRIDAY, 4TH APRIL, 1975, AT 10:30 A.M.

THE NEW PARAGRAPH 1(D) IN ARTICLE XII WHICH WAS PROPOSED IN CORRIGENDUM NO. 1 HAS HAD TO BE COMPLETED BY AN ADDITIONAL CLAUSE, AND A NEW CLAUSE HAD ALSO TO BE ADDED TO PARAGRAPH 2(A) OF ARTICLE XII. THE ATTACHED NOTE EXPLAINS HOW THE PROVISIONS OF THESE PARAGRAPHS OPERATE IN CONNECTION WITH THE NEW PARAGRAPH 2(G) OF ARTICLE XII, I.E. IN THE CASE WHERE A COUNTRY MOBILIZES A DIRECT FINANCING CLAIM.

IF YOU HAVE ANY DIFFICULTIES OR NEED ANY EXPLANATIONS CONCERNING THIS CORRIGENDUM, PLEASE TELEPHONE OR TELEX ME.

IF ALL GOES WELL, I.E. IF ALL THE PROPOSED AMENDMENTS ARE ADOPTED AT THE MEETING OF THE COUNCIL IN THE MORNING OF FRIDAY, 4TH APRIL, AND THE PROBLEMS CONCERNING THE SQUARE BRACKETS IN ARTICLE XVI, SECTION 12 AND ARTICLE XXIII, SECTION 5, ARE SETTLED, A TEXT OF THE AGREEMENT INCORPORATING ALL THE AGREED AMENDMENTS WILL BE ISSUED ON FRIDAY EVENING, 4TH APRIL, UNDER THE REFERENCE C(75)50.
YOURS SINCERELY,
HARRY TRAVERS END TEXT

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3. NEW VERSION OF CORRIGENDUM NO. 2, WHICH IS ENTITLED
"CORRIGENDUM NO. 2 TO THE ENGLISH VERSION OF
AD HOC C/WP(75)18(FINAL" DATED MARCH 28, 1975,
CONTAINS THE FOLLOWING CHANGES FROM THE VERSION WHICH
WAS TRANSMITTED BY USOECD PARIS 8016:

IN ITEM 9 REGARDING ARTICLE XII, SECTIONS 1 AND 2, THE
NEW PARAGRAPH TO BE ADDED AT THE END OF SECTION 1 HAS
BEEN REVISED TO READ AS FOLLOWS: BEGIN TEXT

"(D) REPAYMENTS OF ANY LOAN RECEIVED BY THE MEMBER
FROM THE FUND UNDER ARTICLE X, EXCEPT INsofar AS
THE CORRESPONDING DIRECT FINANCING PROVIDED BY
THE MEMBER HAS BEEN REPAID." END TEXT

IN ADDITION, UNDER THE SAME ITEM 9 OF THE CORRIGENDUM,
A NEW SECTION HAS BEEN ADDED BETWEEN THE SECTIONS
WHICH READ "ADD A NEW PARAGRAPH AT THE END OF SECTION
1, READING:" AND "ADD A NEW PARAGRAPH AT THE END OF
SECTION 2, READING:" THIS NEW SECTION READS AS FOLLOWS:

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BEGIN TEXT

PARAGRAPH (A) OF SECTION 2 SHOULD READ:

"(A) REPAYMENTS OF DIRECT FINANCING PROVIDED BY THE
MEMBER, EXCEPT INsofar AS THE CORRESPONDING
PART OF ANY LOAN RECEIVED BY THE MEMBER FROM THE
FUND UNDER ARTICLE X HAS NOT BEEN REPAID;"
END TEXT

4. THE EXPLANATORY NOTE WHICH IS REFERRED TO IN THE
COVERING TEXT (PARAGRAPH 2 ABOVE) READS AS FOLLOWS:

FINANCIAL SUPPORT FUND OPERATION OF ARTICLE XII IN THE
CASE OF MOBILISATION OF A DIRECT FINANCING CLAIM /UNDER
ARTICLE X

(ARTICLE XII, NEW SECTION 1(D), REVISED SECTION 2(A)
AND NEW SECTION 2(G)

1. IN CORRIGENDUM NO. 2 TO THE DRAFT AGREEMENT, AD HOC C/WP(75)18(FINAL) ADDITIONAL CLAUSES HAVE BEEN ADDED TO THE NEW PARAGRAPH (D) OF SECTION 1 AND TO THE OLD PARAGRAPH (A) OF SECTION 2 OF ARTICLE XII. THEIR PURPOSE IS TO ENSURE THAT THE RECONSTITUTION OF A MEMBER'S QUOTA WHEN IT OBTAINS A LOAN UNDER ARTICLE X (MOBILISING A DIRECT FINANCING CLAIM) IS REVERSED TO THE EXTENT THAT THIS LOAN IS REPAYED (INsofar AS THE CORRESPONDING DIRECT FINANCING IS STILL OUTSTANDING).

2. THE DRAFTING OF THESE PARAGRAPHS COVERS ALL THE CASES ILLUSTRATED BY THE ATTACHED MODEL. IN THIS MODEL IT IS ASSUMED THAT THE MEMBER HAS A QUOTA OF 100 AND HAS PROVIDED 70 OF DIRECT FINANCING (LINE 1). IT THEN OBTAINS A LOAN OF 70 UNDER ARTICLE X (LINE 2).

3. IN SERIES A, THE MEMBER IS FIRST REPAYED THE WHOLE OF ITS DIRECT FINANCING (LINE 3A) AND THEN REPAYS ITS LOAN UNDER ARTICLE XI (LINE 4A). IN SERIES B, IT
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FIRST REPAYS ITS LOAN UNDER ARTICLE X (LINE 3B) AND IS THEN REPAYED ITS DIRECT FINANCING (LINE 4B).

4. IN SERIES C, THE MEMBER FIRST REPAYS PART OF ITS LOAN UNDER ARTICLE X (LINE 3C); IS THEN REPAYED A LARGER PART OF ITS DIRECT FINANCING (LINE 4C); AND THEN REPAYS THE BALANCE OF ITS LOAN UNDER ARTICLE X (LINE 5C).

5. SERIES D IS A MORE COMPLEX EXAMPLE OF SERIES C, WITH THE RATE OF REPAYMENT OF THE ARTICLE X LOAN FIRST EXCEEDING, THEN CATCHING UP, THEN FALLING BEHIND AND THEN EXCEEDING AGAIN, THE RATE OF REPAYMENT OF THE DIRECT FINANCING.

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FINANCIAL SUPPORT FUND

ILLUSTRATION OF OPERATION OF ARTICLE XII,
SECTIONS 1(D), 2(A) AND 2(G)

LENDING TO FUND BORROWING FROM USE OF
(DIRECT FINANCING FUND QUOTA
UNDER ART. VIII 1(A) (LOAN UNDER (QUOTA 100)
ARTICLE X)

CALL RE- OUT- LOAN RE- OUT- DRAWN RE- USED
PAY- STAND- REC- PAY- STAND- DOWN CONST-
MENT ING EIVED MENT ING ITUTED

1. 70 - 70 - - 0 # 70 - 70
2. - - 70 70G - 70 - -70G 0
3.A- 70A 0 - - 70 - -A 0
4.A- - 0 - 70D 0 -D - 0
2.B- - 70 70G - 70 - -70G 0
3.B- - 70 - 70D 0 #70D - 70
4.B- 70A 0 - - 0 - -70A 0
2.C- - 70 70G - 70 - 70G 0

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3.C- - 70 - 40D 30 #40D - 40
4.C- 50A 20 - - 30 - -40A 0
5.C- - 20 - 30D 0 #20D - 20
2.D- - 70 70G - 70 - -70G 0
3.D- - 70 - 10D 60 #10D - 10
4.D- 40A 30 - - 60 - -10A 0
5.D- - 30 - 30D 30 -D - 0

6.D - - 30 - 20D 10 #20D - 20
7.D - 20A 10 - - 10 - -20A 0
8.D - 10A 0 - - 10 - -A 0
9.D - - 0 - 10D 0 -D - 0

MEMBER'S TOTAL
FINANCING
POTENTIAL

IN LOAN TOTAL
QUOTA TO BE
REPAID

1.	30	-	30
2.	100	70	100
	-70		
3.A	100	70	170
4.A	100	-	100
2.B	100	70	100
	-70		
3.B	30	-	30
4.B	100	-	100
2.C	100	7P	100
	-70		
3.C	60	30	60

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4.C	100	30	110
	-20		
5.C	80	-	80
2.D	100	70	100
	-70		
3.D	90	60	90
	-60		
4.D	100	60	130
	-30		
5.D	100	30	130
	-30		
6.D	80	10	80
	-10		
7.D	100	10	100
	-10		
8.D	100	10	110
9.D	100	-	100

THE FOOTNOTES ARE THE FOLLOWING EXTRACTS FROM ARTICLE XII:

D. "SECTION 1..... DRAWN DOWN TO THE EXTENT OF:
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(D) REPAYMENTS OF ANY LOAN RECEIVED BY THE MEMBER
FROM THE FUND UNDER ARTICLE X, EXCEPT INsofar
AS THE CORRESPONDING DIRECT FINANCING PROVIDED
BY THE MEMBER HAS BEEN REPAID."

A."SECTION 2..... RECONSTITUTED TO THE EXTENT OF:

(A) REPAYMENTS OF DIRECT FINANCING PROVIDED BY THE
MEMBER, EXCEPT INsofar AS THE CORRESPONDING
PART OF ANY LOAN RECEIVED BY THE MEMBER FROM
THE FUND UNDER ARTICLE X HAS NOT BEEN REPAID;"

G. "SECTION 2..... RECONSTITUTED TO THE EXTENT OF:

(G) ANY LOAN RECEIVED BY THE MEMBER FROM THE FUND
UNDER ARTICLE X." END TEXT
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